

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

Industrial Promotion – Reduction of VAT to 4% on the Hydraulic Mobile Excavator produce by M/s. Kobelco Construction Equipment India Pvt. Limited at Sricity, Chittoor District with an investment of Rs.223.3 Crores - Orders- Issued.

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**INDUSTRIES & COMMERCE (IP) DEPARTMENT**

**G.O.Ms.No. 15**

**Dated:10 -01-2012**

Read the following:

1. From the M/s. Kobelco Construction Equipment India Pvt. Limited, Lr.No. dated:11/03/2011.
2. The State Investment Promotion Committee (SIPC) Meeting held on 27-12-2011.
3. The State Investment Promotion Board (SIPB) Meeting held on 31-12-2011.

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**ORDER:-**

Kobelco Construction Equipment India Pvt. Limited (KCEI) in the reference 1<sup>st</sup> read above has informed that Kobelco Construction Equipment India Pvt. Limited (KCEI) is a subsidiary of Kobelco Construction Machinery, Japan (KCMJ) manufacturing of Hydraulic Mobile Excavators under the brand name "Kobelco" The KCMJ has a presence all over the globe and is amongst the leaders of HEX machines the world over. This is the first unit of Kobelco Construction Machinery Company Limited, Japan in South Asia. KCMJ is part of Kobe Steel Group. Kobel Steel Limited was founded in 1905 in Japan and has annual turnover of Rs 1671 Billion Japanese Yen with a capital base of 233.3 Billion Japanese Yen.

2. Kobelco Cranes is also a subsidiary of Kobe Steel Limited, Japan. Kobelco Cranes is amongst the world leaders in the field of Mobile Cranes and have already sold large number of Cranes in India by importing from Japan. They are therefore very well-know and respected name in India, and have decided to make their presence larger through local manufacturing in India.

3 M/s. Kobelco Construction Equipment India Pvt. Limited set up a Hydraulic Mobile Excavator Plant at Sricity, Chittoor District with an investment of Rs.131.00 Crores in phased manner providing employment to 600 persons directly. Details of the project are indicated below:

Particular	Phase-I	Phase-II
<b><u>Initial Investment:</u></b> 1) Kobelco Construction Equipment India Pvt. Ltd. 2) Kobelco Cranes	55 Crores	76 Crores
<b><u>Employees:</u></b> 1) Kobelco Construction Equipment 2) Kobelco Cranes	150 Company Employees & 150 Contract Staff	Additional 200-300 will be required

Indirect Investment by OEM Vendors / Dealers	a) One Associate has already purchased land in Sri City b) Few Vendors are seeing land to set up their units. c) Total Investment & employment by Associates can be substantial	a) When capacity more than doubles, more. b) Manufacturing facilities will be set up to meet the demand and additional employment will be generated.
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4. M/s. Kobelco Construction Equipment India Pvt. Limited have obtained all requisite clearances for Phase-I and commenced its operations in April, 2011.

5. M/s. Kobelco Construction Equipment India Pvt. Limited has requested the Government to reduce the VAT from 14.5% to 4% VAT on the products to be manufactured in the two factories in Andhra Pradesh, as high VAT is being levied in Andhra Pradesh on the sale of Infrastructure Machinery, where as in other States is 4%.

6. In the reference 2<sup>nd</sup> read above, State Investment Promotion Committee (SIPC) have discussed the proposal and recommended to place the matter before the State Investment Promotion Board (SIPB) to consider the request of the unit for reduction of VAT from 14.5% to 4% on Hydraulic Mobile Excavator.

7. In the reference 3<sup>rd</sup> read above, the State Investment Promotion Board (SIPB) in its meeting held on 31-12-2011 discussed the proposal in detail and decided to reimburse 10.5% out of 14.5% VAT collected from the Company.

8. The Government after careful examination of the proposal and keeping in view of the recommendations of the State Investment Promotion Board (SIPB), hereby extend the reimbursement of 10.5% out of 14.5% VAT collected from the Company for a period of 5 years from the date of issue of G.O. under Industrial Investment Promotion Policy (IIPP)2010-2015.

9. The industry shall provide atleast 80% of employment to the candidate's belonging to Andhra Pradesh State for becoming eligible to the above incentives.

10. The Commissioner of Industries is requested to take further necessary action.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**T.S. APPA RAO,  
PRINICIPAL SECRETARY TO GOVERNMENT AND  
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To  
The Commissioner of Industries, Andhra Pradesh, Hyderabad

**Contnd..3**

M/s. Kobelco Construction Equipment India Pvt. Limited through the  
Commissioner of Industries, A.P. Hyderabad.  
The District Collector, Chittoor.

Copy to

The Accountant General, Andhra Pradesh, Hyderabad  
The Finance (Exp. I&C) Department. / The Energy Department.  
The Chairman & Managing Director, APIIC, Hyderabad  
The Irrigation & CAD (Reforms) Dept. /The Revenue (CT) Department.  
The Commissioner of Commercial Taxes, Hyderabad  
The Chairman & Managing Director, APTRANSCO., Hyderabad  
The Managing Director, APCPDC Ltd., Hyderabad  
The GM, DIC, Chittoor through the Commissioner of Industries, A.P. Hyderabad.  
P.S. to Minister (Major Industries)/ P.S. to Spl. Chief Secretary, Rev. Dept./P.S.  
to Prl. Secy. to  
Govt., Rev.(CT) Dept./P.S. to Prl. Secy. to CM/P.S. to Prl.Secy. (Irrigation)  
Dept./P.S. to  
Spl.CS, Energy Dept./P.S. to Prl. Secy. & CIP/  
P.S. to Secretary to Govt. (Legal Affairs).  
SC/SF

//Forwarded::By::Order//

**SECTION OFFICER**